

Message Text

CONFIDENTIAL

PAGE 01 BERLIN 06305 041948Z

70

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 PA-01 SIL-01 USIA-06 PRS-01

AGR-05 XMB-02 FRB-03 FEA-01 H-02 L-03 (ISO) W
----- 122939

P R 041800Z SEP 75

FM AMEMBASSY BERLIN

TO SECSTATE WASHDC PRIORITY 1326

INFO AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION NATO

USMISSIN USBERLIN

AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION ONE OF TWO BERLIN 6305

E.O. 11652: GDS

TAGS: PFOR, BEXP, GE, US

SUBJECT: US/GDR TRADE TALKS

REF: STATE 175485 (NOTAL)

SUMMARY. THE EMBASSY BELIEVES THAT THE THREE-DAY
VISIT OF COMMERCE DEPT. ASSISTANT SECRETARY DOWNEY
HAS INJECTED A SIGNIFICANT AND USEFUL NOTE OF REALISM,
CANDOR AND CAUTIOUS OPTIMISM INTO THE PROCESS OF DEVELOP-
ING US/GDR RELATIONS IN COMMERCIAL AFFAIRS AND BEYOND.
IN SEVERAL SUBSTANTIVE EXCHANGES WITH GDR COUNTERPARTS,
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BERLIN 06305 041948Z

INCLUDING A LUNCHEON HOSTED BY FOREIGN TRADE MINISTRY

STATE SECRETARY BEIL, DOWNEY AFFIRMED U.S. GOVERNMENT SUPPORT AN ADVANCE IN THE DEVELOPMENT OF BILATERAL TRADE WHILE CAUTIONING AGAINST UNREALISTIC EXPECTATIONS OF CHANGE IN THE U.S. LEGISLATIVE ENVIRONMENT. GDR SPOKESMEN RESPONDED IN TERMS WHICH REFLECTED UNDERSTANDING OF THE U.S. MESSAGE AND A WILLINGNESS TO PROCEED IN A STEPWISE FASHION WITH A MODEST EXPANSION OF TRADE DESPITE WHAT THEY CONTINUE TO CHARACTERIZE AS THE INHIBITING INFLUENCE OF TRADE ACT PROVISIONS. END SUMMARY.

1. DEPUTY ASSISTANT SECRETARY ARTHUR T. DOWNEY SPENT FROM AUGUST 31 TO SEPTEMBER 2 VISITING THE LEIPZIG FALL FAIR AND HOLDING TALKS WITH GDR OFFICIALS AIMED AT FACILITATION AND PROMOTION OF BILATERAL TRADE. HIGHLIGHTS OF THE VISIT WERE A CALL BY SED FIRST SECRETARY HONECKER, COUNCIL OF MINISTERS CHAIRMAN SINDERMAN, AND COUNCIL OF STATE CHAIRMAN STOPH ON AMBASSADOR COOPER AND DOWNEY AT A U.S. FIRM'S FAIR BOOTH; A MEETING OVER LUNCH WITH FOREIGN TRADE MINISTRY STATE SECRETARY GERHARD BEIL; AND A TECHNICAL TALKS SESSION WITH A GROUP REPRESENTING A WIDE SPECTRUM OF GDR TRADE INSTITUTIONS.

2. AT 11:00 A.M. AUGUST 31 A "STATE AND PARTY DELEGATION", HEADED BY HONECKER, WITH SINDERMAN AND STOPH IN ATTENDANCE, VISITED THE UNION CARBIDE STAND AS PLANNED. HONECKER RESPONDED TO AMBASSADOR COOPER'S STATEMENT OF GREETING IN POSITIVE TERMS, ACKNOWLEDGING AND WELCOMING THE PRESENCE OF DOWNEY AND HIS GROUP. HONECKER SAID THE GDR BELIEVES A BROADENING OF TRADE TIES IS POSSIBLE, AND REFERRED IN THIS CONNECTION TO THE NEED TO REMOVE PRESENTLY EXISTING "OBSTACLES". CONCLUDING HIS FORMAL RESPONSE, HONECKER PICKED UP A REFERENCE IN AMBASSADOR COOPER'S STATEMENT TO HELSINKI, SAYING THAT THE GDR, TOO, IS PREPARED TO DEVELOP BILATERAL RELATIONS TO THE POINT ENVISIONED IN THE CSCE ACTS. IN AN INFORMAL EXCHANGE OVER CHAMPAGNE DURING THE TWENTY MINUTE VISIT AT THE UNION CARBIDE STAND, HONECKER TOLD THE AMBASSADOR WITH OBVIOUS PLEASURE OF ENCOUNTER WITH PRESIDENT FORD IN HELSINKI.

3. ON SEPTEMBER 1 FOREIGN TRADE MINISTRY STATE SECRETARY
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BERLIN 06305 041948Z

BEIL HOSTED A LUNCHEON FOR DOWNEY AND HIS GROUP. DURING THE LUNCHEON, A WORKING SESSION WITH THE U.S. AND GDR SIDES RANGED SOMEWHAT STIFFLY OPPOSITE ONE ANOTHER ALONG THE TABLE, BEIL ADVERTED ON SEVERAL OCCASIONS TO THE THEME THAT THE CREATION OF UNREALISTICALLY HIGH EXPECTATIONS ABOUT THE DEVELOPMENT OF TRADE ARE TO BE AVOIDED. SUCH EXPECTATIONS, BEIL SAID, COULD LEAD TO DISAPPOINTMENT AND DISILLUSION. BETER THAN BIG STEPS, BEIL THOUGHT, ARE

SMALL ONES IN THE PROPER DIRECTION. BEIL MADE IT CLEAR

THAT THE GDR IS UNDER NO ILLUSIONS ABOUT THE POSSIBILITY OF CHANGES IN U.S. LEGISLATION FAVORABLE TO THE GDR. HE TOLD DOWNEY THAT WHILE U.S. LEGISLATION NECESSARILY RESTRICTS THE EXTENT TO WHICH NORMALIZATION OF TRADE RELATIONS IS POSSIBLE, THE GDR FAVORS STEPWISE PROGRESS WITHIN THAT LIMITED FRAMEWORK. DOWNEY AND BEIL AGREED THAT WHILE US/GDR TRADE IN CERTAIN PRODUCTS COULD CONCEIVABLY REACH A SIGNIFICANT LEVEL, TRADE AS A WHOLE WOULD REMAIN A TINY FRACTION OF THE FOREIGN TRADE OF BOTH COUNTRIES UNDER ANY FORESEEABLE SET OF CIRCUMSTANCES. FOLLOWING A SERIES OF EXCHANGES ON THE PRESENT LEVEL OF TRADE, STATISTICAL METHODS, AND GDR TRADE PLANS, BEIL SAID HE THOUGHT A GOAL OF TOTAL TRADE TURNOVER WITH THE UNITED STATES OF \$500-700 MILLION BY 1980 TO BE REALISTIC, ASSUMING IMPROVEMENT IN U.S. TREATMENT OF GDR IMPORTS SOME TIME IN THAT PERIOD. IN THE COURSE OF THIS DISCUSSION, IT WAS AGREED TO EXCHANGE INFORMATION ON FOREIGN TRADE STATISTICS METHODOLOGY.

4. AMONG OTHER HIGHLIGHTS OF THE BEIL MEETING WAS HIS ASSERTION THE GDR SELLS MORE TECHNOLOGY TO THE UNITED STATES THAN IT BUYS. (BEIL AGREED TO PROVIDE INFORMATION DOCUMENTING THIS POINT.) AT DOWNEY'S REQUEST, BEIL ALSO DISCUSSED IN SOME DETAIL GDR IMPORTS OF ENERGY AND AGRICULTURAL PRODUCTS. IN THE FORMER CONNECTION, HE SAID GERMANY HAS HISTORICALLY BEEN IN THE FOREFRONT IN RESPECT TO THE TECHNOLOGY OF USE OF LIGNITE, WHICH IS STILL ABUNDANT, AS FOR AGRICULTURAL IMPORTS, THE GDR IS AN AGRICULTURAL-DEFICIT COUNTRY WHICH WILL IMPORT TWO MILLION TONS OF FEED, A HALF MILLION TONS OF HARD WHEAT, AND A MILLION TONS EQUIVALENT OF SOYBEANS IN EACH OF THE NEXT TEN YEARS, HE

CONFIDENTIAL

PAGE 04 BERLIN 06305 041948Z

STATED THAT ANY INCREASES OF THESE IMPORTS WAS UNLIKELY BUT THIS FIELD OFFERED SOME POSSIBILITIES FOR US/GDR TRADE.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN TRADE, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BERLIN06305
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750333-0119
From: BERLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750981/aaaactwf.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 175485
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by BoyleJA>; APPROVED <24 SEP 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US/GDR TRADE TALKS
TAGS: PFOR, BEXP, GC, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006